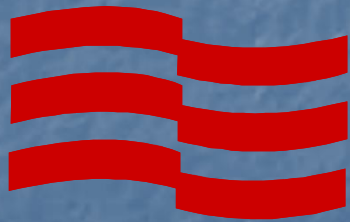


# Revenue Laws Study Committee

Kevin D. Carlson  
Assistant Chairman  
Finance and Administration



ESC

January 5, 2011

# Purpose of UI Trust Fund

- Provide temporary assistance to those who have lost their jobs through no fault of their own
- Help stabilize the economy in times of economic downturn.

# Title XII of Social Security Act

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- “...provides for state advances (loans) when a state determines their Unemployment Fund will not have adequate funding to allow for the payment of Unemployment Benefits.”
- Current loan balance: \$2.5 B



# NC UI Benefit Payments

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December 2009 – November 2010

**\$5.5 Billion** total benefits

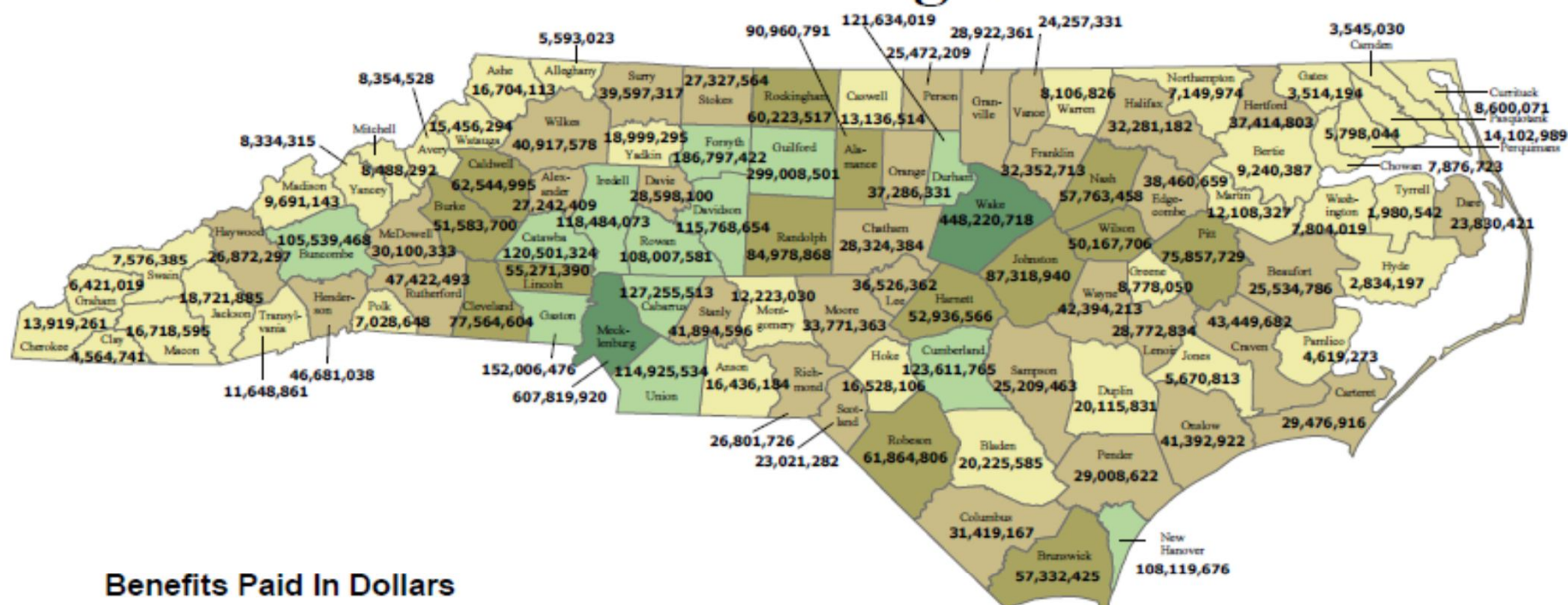
**\$2.1 Billion** in State Benefits

# North Carolina

## UI Benefits Paid by County

### December 2009-November 2010

### Total All Programs



#### Benefits Paid In Dollars



Statewide \$5,524,274,334

Note: All programs include Regular Unemployment Insurance (UI), Emergency Unemployment Compensation Tier I (EUCI), Emergency Unemployment Compensation Tier II (EUCII), Emergency Unemployment Compensation Tier III (EUCIII), Emergency Unemployment Compensation Tier IV (EUCIV), Extended Benefits (EB) and Federal Additional Compensation (FAC). County data does not sum to statewide total.

Source: Employment Security Commission of North Carolina (ESC), Information Systems (IS)

Prepared by the Labor Market Information Division, Employment Security Commission of North Carolina 12\_2010

# UI Trust Fund Report

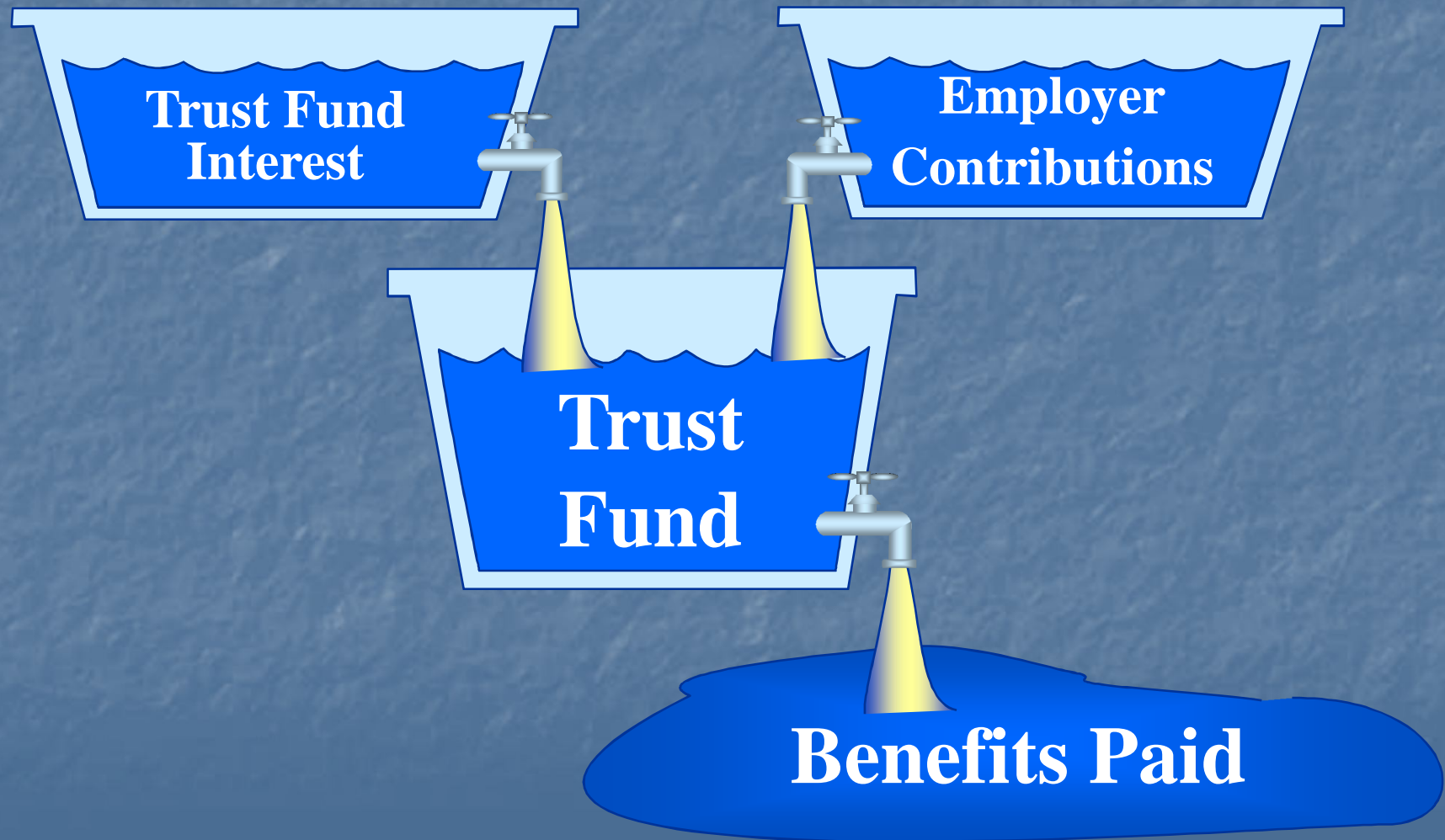
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Months	Taxes	Total Benefits	State Reserve	Interest	Balance
JULY 2008	907,454,994	1,032,703,139	171,052,000	20,464,298	414,673,061
JULY 2009	855,942,820	2,321,036,300	153,980,000	10,558,388	885,882,030
JULY 2010	786,066,147	2,413,298,782	125,458,000	49,877	2,387,606,788
NOV 2010	311,127,000	299,849,979	0	0	2,376,329,767



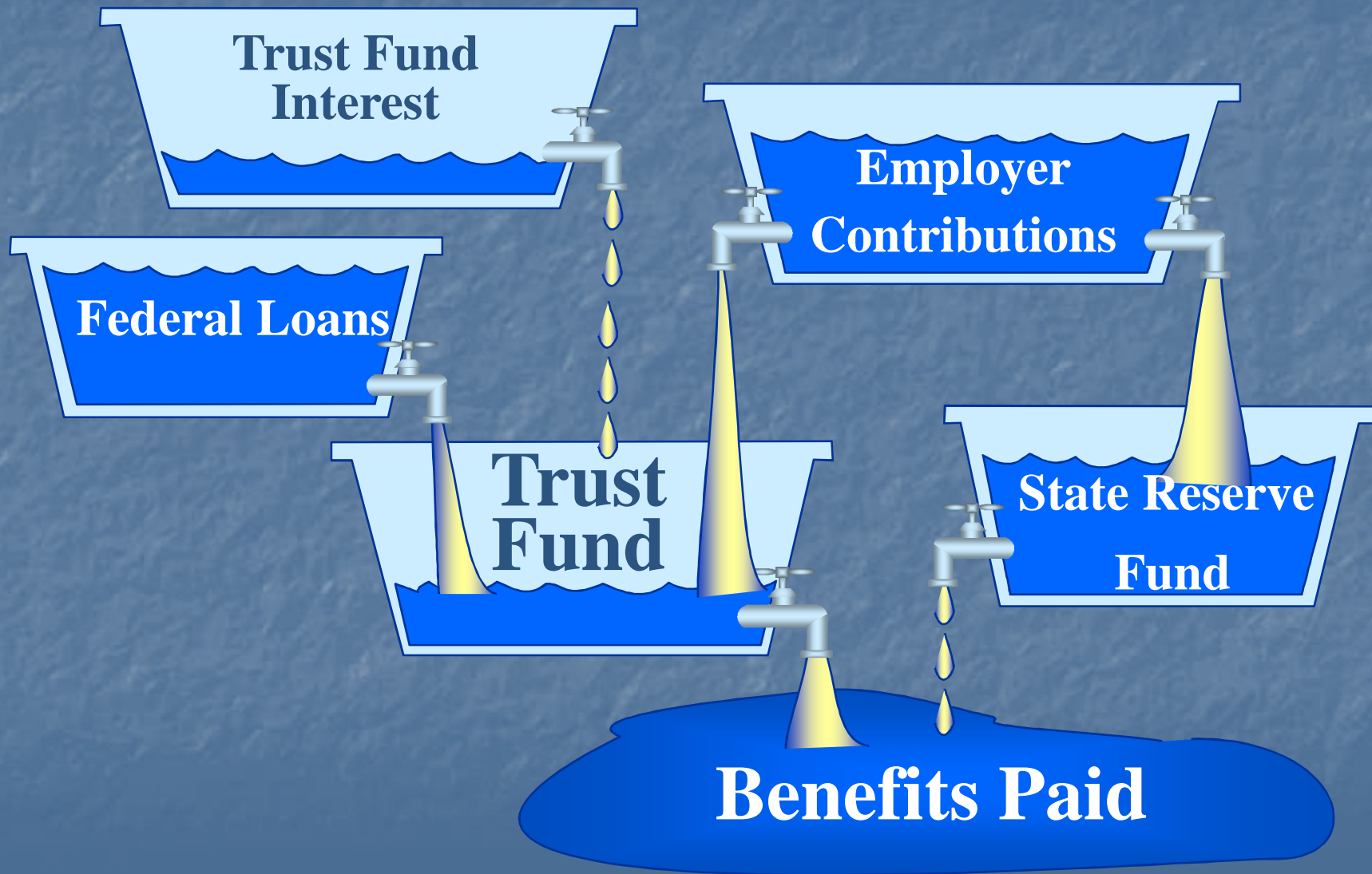
# Trust Fund Monetary Flow - Regular

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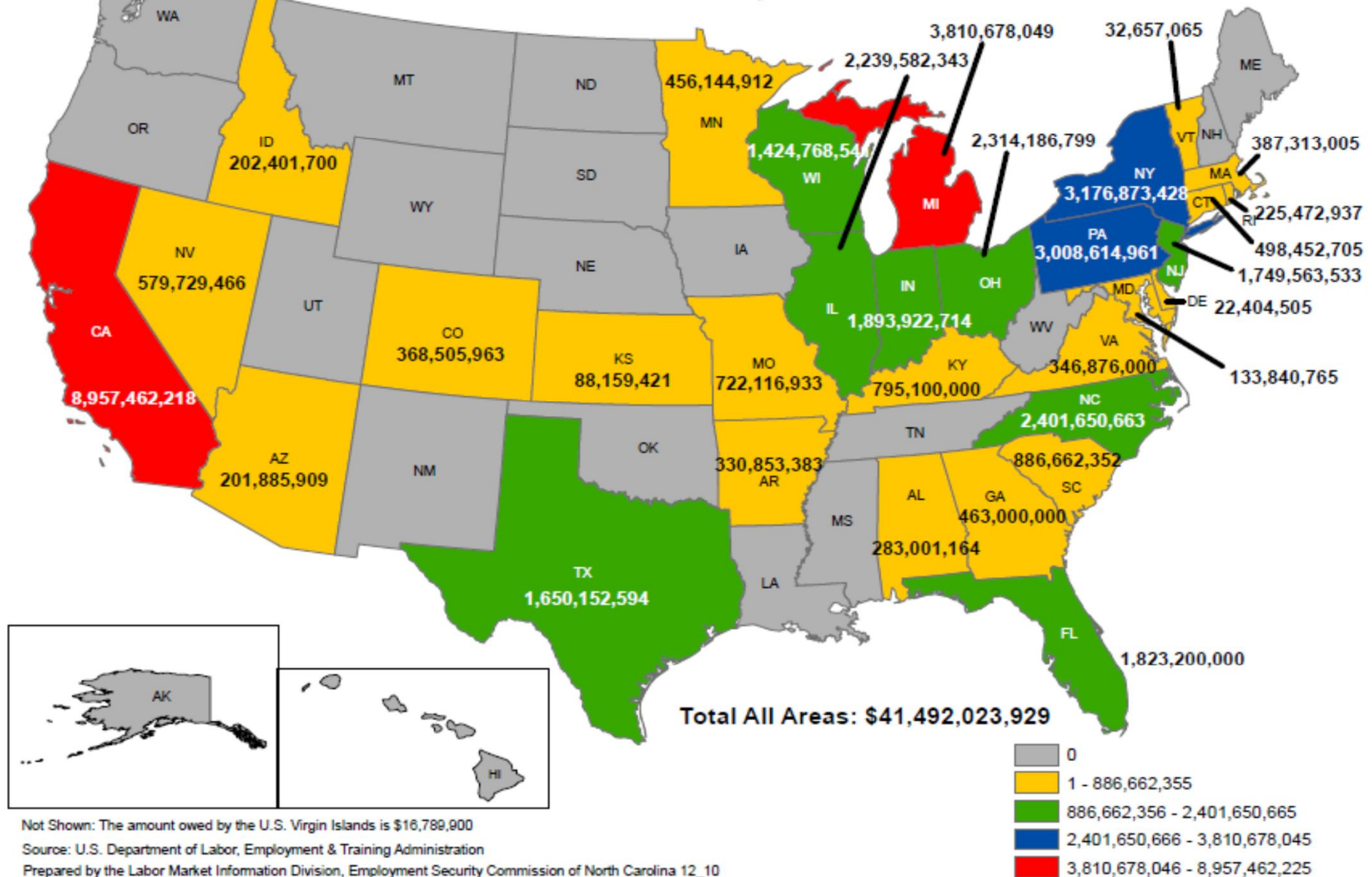
# Trust Fund Monetary Flow - Recession

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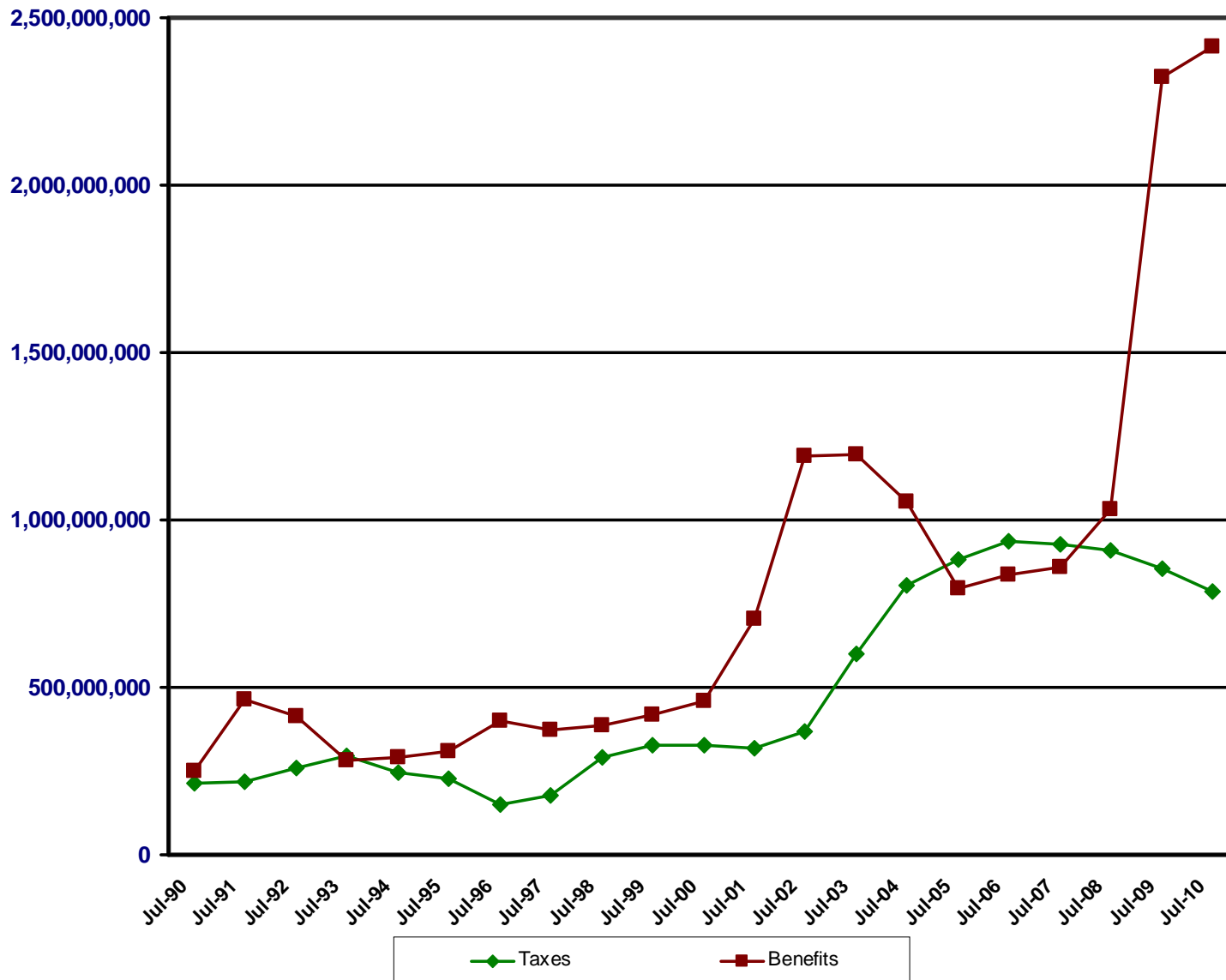




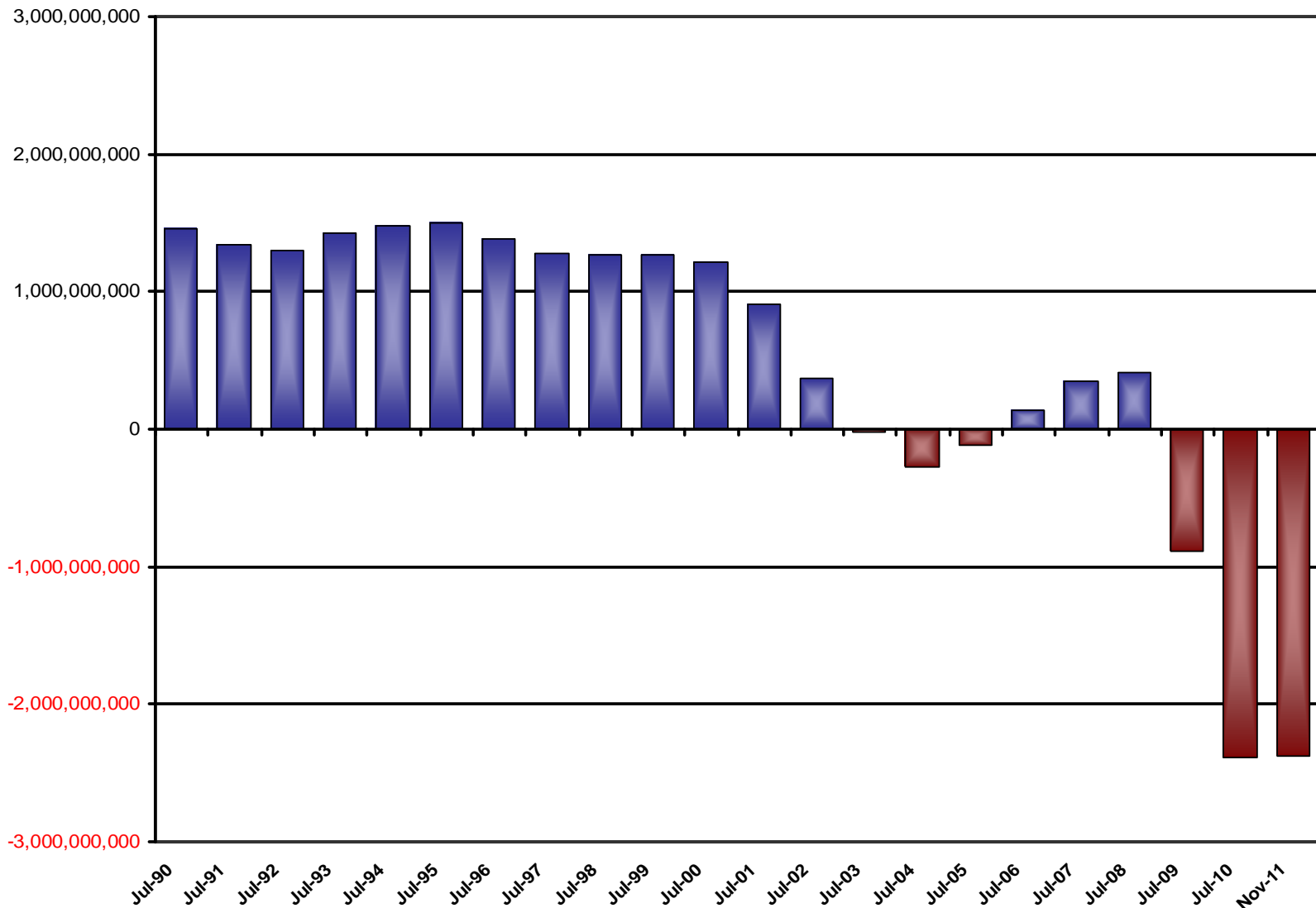
# States With Loans From the Federal Unemployment Account As of Dec. 6, 2010



# UI Trends - Taxes and Benefits



# UI Trends - Trust Fund Balance





# Compounding Factors

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- Short recovery period between recessions
- Increase in the average duration of weeks
- Severity of the recession

# Congressional Action

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- Extension of the Emergency Unemployment Compensation through **December 2011**
- Extension of the interest free borrowing
- Federal Unemployment Tax penalty waiver
- Loan forgiveness

# FUTA Tax Issue

State	Advances as of	Estimated FUTA Tax Rate*		
	2/2010	2009	2010	2011
	(mil.)	(%)	(%)	(%)
Michigan	3,371	1.1	1.4	1.7
Indiana	1,619	0.8	1.1	1.4
South Carolina	766	0.8	1.1	1.4
Alabama	193	0.8	0.8	1.1
Arkansas	269	0.8	0.8	1.1
California	6,946	0.8	0.8	1.1
Connecticut	272	0.8	0.8	1.1
Florida	1,211	0.8	0.8	1.1
Georgia	188	0.8	0.8	1.1
Idaho	141	0.8	0.8	1.1
Illinois	1,487	0.8	0.8	1.1
Kentucky	645	0.8	0.8	1.1
Minnesota	364	0.8	0.8	1.1
Missouri	554	0.8	0.8	1.1
Nevada	217	0.8	0.8	1.1
New Jersey	1,210	0.8	0.8	1.1
New York	2,462	0.8	0.8	1.1
North Carolina	1,811	0.8	0.8	1.1
Ohio	1,924	0.8	0.8	1.1
Pennsylvania	2,257	0.8	0.8	1.1
Rhode Island	159	0.8	0.8	1.1
South Dakota	13	0.8	0.8	1.1
Texas	1,558	0.8	0.8	1.1
Virgin Islands	11	0.8	0.8	1.1
Virginia	201	0.8	0.8	1.1
Wisconsin	1,083	0.8	0.8	1.1

\* Projections Based on President's FY11 Economic Assumptions and no State Legislative changes





Lynn R. Holmes

Chairman

Employment Security Commission of North Carolina